

# FRANCE DECLINES TO ACCEPT TERMS DRAWN FOR RUSSIA

## Delegation Instructed Not to Agree Until Cabinet Decides Course.

# BARTHOU OFF TO PARIS

## Lloyd George Intervenes to Prevent Immediate Breakup of Parley.

# BELGIANS DISSATISFIED

## Terms to Russia Unsigned—Note Explains Franco-Belgian Position.

By JOHN M.H. STUART.

Special Cable to THE NEW YORK HERALD, Copyright, 1922, by THE NEW YORK HERALD. GENOA, May 2.—France refused to sign the terms handed to-night to the Russians, after M. Barthou, head of the French delegation, had declared that they fully complied with both the Cannes resolution and his own instructions from Paris. The terms were described as the Allies' last word to the Soviet Government. The document was forwarded unsigned, but with certified minutes of the commission's proceedings and a note stating to Belgian delegates were not present and that the French reserve final decision.

New instructions came from Paris after M. Barthou had boarded the train for home, instructing Camille Barrere, French Ambassador to Rome, to sign until notified of the result of the Cabinet meeting which Premier Poincare will convene as soon as the head of the delegation arrives tomorrow.

This dramatic episode was sprung when the waters of the conference seemed most placid. Mr. Lloyd George sprang swiftly into action and by his skilful maneuvers kept the conference ship from wavering from its course.

## Property Not Returned to Owners Must Be Leased to Them.

By FRANCIS M'CALLAGH.

Special Cable to THE NEW YORK HERALD, Copyright, 1922, by THE NEW YORK HERALD. GENOA, May 2.—The Russian memorandum was handed to the Russian delegation this evening. The first article states that Russia's debts must be recognized, but the creditor Powers do not demand immediate payment of capital and interest of war debts.

## Article II, sets forth that the Allies do not admit the responsibility attributed to them by the Soviet Government for losses suffered by reason of revolutionary attempts after the war (Wrangel, Kolchak, Yudenich, Denekine).

Article III, states that if Russia renounces her claims for such losses the allied and associated Powers, when they reach an agreement for the liquidation and regularization of war debts, will submit to their Parliament measures for the diminution or change in payments due by the Soviet Government, taking into account the economic and financial conditions of Russia.

## Article IV, announces that when responsibility for the undertakings entered into by the Soviet Government or its predecessors toward a foreign subject will have been assumed by a foreign Government, the undertakings will be recognized on a basis of private debts. As for the economy of preceding Russian Governments as it affected the banks and countries making loans to a former Russian Government, which assumed responsibility for Russian loans from 1914 to November, 1917, this money will be accredited to that Government, without prejudice to the rights of third parties and the Soviet Government's responsibility for war debts diminished pro tanto. It is implied that the Soviet Government must restore Russian treasures entrusted to Russians during the war and during the invasion of Rumania.

## Other articles say the Soviet Government must conclude an arrangement before December 31, 1922, with representatives of Russian bond holders to resume the interest on those bonds, and that if such an arrangement is not concluded, the matter will be referred for decision to a mixed arbitral tribunal, as described in previous dispatches.

## Article VI, to which Foreign Minister Jaspard of Belgium objected yesterday, begins with the first two principles of the Cannes resolution. The first states that nations cannot dictate to each other regarding their own principles, regime, political economy, or government. It being each nation's right to elect the system it prefers. The second says it is impossible to place foreign capital unless foreign investors are assured that their property and rights are respected and the fruits of enterprise assured.

## Article VI, then goes on to say that the Soviet Government shall recognize the obligation of restoring or compensating for such property. If the former proprietor cannot enjoy past rights he is to be allowed under the form of a concession the use of his property on a long lease, unless the mixed arbitral tribunal decides otherwise. The tribunal is also to fix the compensation of the foreign investor, whose property has been nationalized. There are to be as many mixed tribunals as there are nationalities of foreign proprietors.

## It was Mr. Lloyd George who induced the French to abandon Article IX, of the French memorandum, establishing capitulations. Mr. Lloyd George said: "It is absurd to expect that Russia will accept the capitulations of 1918."

## The treatment of Article II, on war debts, is noteworthy. The English had asked that reduction be fixed by an arbitral court, which implied Russia's recognition of war debts. But the revised article records, for the first time in an international act, the principle that the Allies shall get off lighter on account of her specially ruinous condition. The allied experts consider this happily worded clause will satisfy the Russians, and is a promising for the annulment of war debts.

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# Soviet Objects to Taft Appointing Arbitrator

Special Cable to THE NEW YORK HERALD, Copyright, 1922, by THE NEW YORK HERALD.

PARIS, May 2.—The Soviet delegation objects to the selection of Chief Justice Taft of the United States Supreme Court to appoint a chairman of the arbitral compensation tribunal, provided in the terms to Russia, has aroused violent opposition from the Soviet delegation. The *Intransigent* prints an interview with leading members of the Soviet delegation to the effect that the Soviets will not accept the designation of the Supreme Court, as they consider this body "the most reactionary institution of the entire capitalist world."

The Italian Socialist newspaper, the *Avanti*, which sometimes reflects the views of the Soviet delegation, is not impressed by the magnanimity of the Allies in not asking Russia to pay all her war debts, and adds: "All of Europe now owes America enormous sums, and looks forward to examining one day into the possibility of not paying."

# ALLIES HAND TERMS TO RUSSIAN ENVOYS

## Debts Must Be Recognized, but Payment Will Not Be Pressed.

# LOSSES ARE REPUDIATED

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# BONUS RAIDERS WILL TEST HARDING TODAY WITH TENTATIVE BILL

## It Is Doctored House Certificate Loan Plan, Approved by Legion.

# REJECTION EXPECTED

## Lacks Provision for Raising Revenue and Extends Raid for 43 Years.

# NEGOTIABLE IN BANKS

## Continuing Amendments May Cost Government 15 to 20 Billion Dollars.

By LOUIS SEIBOLD.

Special Dispatch to THE NEW YORK HERALD, Copyright, 1922, by THE NEW YORK HERALD.

WASHINGTON, D. C., May 2.—Having hoodwinked ex-service men into taking promissory notes instead of cash down, the Senatorial promoters of the bonus raid will try their luck with President Harding.

The tentative draft of the bill which the experts of the Senate Finance Committee are reducing to legislative form to-night, will be taken to the White House to-morrow for acceptance or rejection.

Acceptance would cause a greater sensation than any other incident in the stormy career of the bonus proposition. Efforts to induce the President to accept the bill were described by one of the anti-bonus Senators to-night as "an attempt to sell a gold brick to a man who knows one when he sees it."

The latest edition of the bonus raid, which a majority of the Republican members of the Finance Committee "tentatively agreed to-day," will differ in no essential particular from the mislaid certificate loan plan passed by the House in complete defiance of the wishes of the President and Secretary Mellon.

## Commitment to Longer Term.

The fact is, the latest venture of the bonus raiders has been modeled on the lines of the House measure. It will, if anything, commit the Government to the perpetuation of the bonus raid for the next forty-three years, instead of twenty, as proposed in the House bill.

By continuing amendments the Government could be made to provide billions of dollars beyond the estimates of the finance experts until the total paid to the holders of the bonus certificates would amount to three or four times the \$5,000,000,000 which every system of computation indicates would be required.

To make it "as attractive as possible" the bill that the finance Republicans will take to the White House will call for "very little money at the start." But in the end the total paid to the holders of the measure will be \$5,845,000,000 by 1965. Administration, interest and carrying charges will, it is estimated by impartial experts, swing it up to the same old total of \$5,000,000,000.

The "attractive features" which Mr. McCumber and his associates will point out to the President are many and varied. One is that the Government would have to provide only \$77,000,000 the first year, \$92,000,000 the second year, \$75,000,000 the third and \$370,000,000 the fourth. After that period the estimates on an annual basis run from \$100,000,000 to \$150,000,000.

These figures were furnished by Arthur McCoy of the Treasury Department, to whom Mr. McCumber submitted an outline of the plan which is being followed in the construction of his bill. Mr. McCoy estimated that the McCumber plan would cost the Government \$1,135,000,000 by 1943 and \$3,845,000,000 by 1965.

The scheme of extending the life of the certificates from 1918, as provided in the House measure, to 1965, was prompted by the belief that "by spreading out the payments" the principal objections raised by the executive branch of the Government would be met.

## Hunting for Minimum.

The year 1965 was agreed upon as the date of maturity because Mr. McCumber and his bonus allies are confident that most service men will be making application for benefits and thereby reduce to a minimum the immediate demands on the Treasury "during the Harding Administration."

The provision in the House bill making the proposed certificates negotiable in banks for 50 per cent. of their face value for the first three years is continued. The American Legion flatly refused to agree to the Finance Committee proposal to limit the borrowing value at banks to 25 per cent.

As the bonus bill admittedly is constructed to satisfy the American Legion and other bonus clients, there was nothing for the committee to do but sanction the maximum figure. At the end of three years, of course, the Treasury will be required to take over the certificates from banks that elect to "freeze" their resources with such obligations and to increase the borrowing value of the bonus paper to 50 per cent. of the total.

Where the Government is going to raise the money to take up the certificates is another matter. The bill now being prepared does not propose any method for raising revenue, and in

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The Best Writing Papers are Whiting Papers—Adv.

# The Aim of the Bonus Senators.

The sole aim of the bonus Senators has been to frame a bonus bill that will get by with the President. So they have taken the House bill, the Fordney-Mondell-Longworth monstrosity, and extended the final payment to 1966.

By this extension the immediate raid on the Treasury is softened, but the ultimate payments, the ultimate drain on the taxpayers, is much the same.

These bonus Senators have no interest in the taxpayer, have no interest in anything save their own reelection. The principle involved in tossing a bribe to patriotism—tossing a bribe to the young man whose birthright is his patriotism—means nothing to the sordid politician.

In spite of the Fordneys and the McCumbers, it is the conviction of THE NEW YORK HERALD that no bonus bill they have framed or can frame and jam through Congress will ever have the indorsement of Warren G. Harding.—Editorial.

# BEVERIDGE LEADING TWO 'CON' MEN HELD NEW BY 1,500 VOTES IN \$100,000 SWINDLE

## 520 Precincts Favor Him in Indiana Senate Primary Race.

# NEW CLAIM VICTORY GAME WORKED AT TROY

## Telegraphs Will H. Hays He Will Have Plurality of 20,000.

INDIANAPOLIS, May 2.—Returns from 520 of the 3,382 precincts in Indiana gave Albert J. Beveridge a lead of 1,500 votes over Senator Harry S. New in their contest at the primary election for the Republican nomination for United States Senator.

Beveridge's total was 28,201, against 26,820 for New. The returns were scattered among 66 of the 92 counties of the State.

Senator New declared to-night he would defeat Mr. Beveridge by 20,000 votes. This claim was made in a telegram sent to Will H. Hays, former chairman of the Republican National Committee.

Owing to the large number of candidates running for county office nominations, the ballots were unusually long, containing 500 names in some counties. Local party headquarters, it was said, did not expect to get definite returns until about midnight.

Both the New and Beveridge headquarters, in whose race for the Republican nomination for Senator, the chief interest centered, professed entire confidence in the result and the managers reiterated their respective claims to victory by large majorities. Supporters of former Governor Ralston continued their claims that he had won the Democratic nomination for Senator by a large majority.

The swindle worked on the Norwegian is so old that it is historic. In picking out a Norwegian the swindlers invaded about the only known field left to them. Skogstad, according to the story told at Police Headquarters last night, came from Norway to New York to arrange several business deals and particularly to study American financial and economic conditions. He stopped at the Hotel Savoy in London on his way to New York, and while there he was pointed out to confidence men, who followed him when he boarded the Aquitania and came across with him. Mr. Skogstad went to the Vanderbilt Hotel when he arrived in New York.

The morning after his arrival Mr. Skogstad was introduced to a man of genial manner and distinguished appearance who introduced himself as "Mr. Cox." So unobtrusively did Mr. Cox introduce himself that Mr. Skogstad felt not the slightest suspicion. On the other hand, he was delighted when Cox offered to show him the city. Cox introduced a knowledge of American financial conditions that was gratifying to the Norwegian.

## "Old Friend" Found.

After several dinners and theater parties Cox suggested that they take a boat up the Hudson to Albany. There they stopped at the Ten Eyck Hotel. At dinner Cox glanced over at a table near by and exclaimed:

"I haven't seen him for years, but I suppose he remembers me. He's a lucky fellow. Plunges on anything, always reckless, but he always wins. I want you to meet him."

Cox and the banker went over, but the plunger, identified by the police as Pincoff, failed to recognize Cox.

"I don't know you," said Pincoff, eyeing him suspiciously.

Then Cox recalled several happenings of other times, and finally Pincoff, the plunger, beamed recognition. They sat down together and by the next day the banker felt as friendly toward Cox as he had been hostile.

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# N. Y. EXCHANGE FIRM CALLED IN DIER CASE TO TELL OF \$500,000

## Receivers Hope to Trace Profits on Deals With House That Failed.

# EXTRAVAGANCE CITED

## Head of Bankrupt House Said to Have Spent \$302,000 on Himself in Year.

# MEMORY OFTEN FAULTY

## Cannot Recall Signing Many Checks Nor Tell Where He Lives in City.

Members of a certain New York Stock Exchange house have been subpoenaed and will appear for examination by the attorneys for the receiver for E. D. Dier & Co. within the next few days to determine whether this house and several others profited by dealing with the Dier firm when they were aware that the concern was bucketing orders, or was insolvent.

This became known yesterday at the close of the four hour examination of Elmore D. Dier, head of the insolvent brokerage house, which failed on January 16 owing some \$4,000,000 to customers.

Attorneys for Manfred W. Ehrlich the Dier receiver, contend that if it can be shown that members of the New York Stock Exchange profited by deals with Dier some \$500,000 more can be recovered for the 10,000 Dier creditors. The names of five brokerage houses with which Dier dealt were cited in the day's testimony, but it was not said whether one of these was involved.

The announcement about the subpoena was a sequel to a recent statement by the receiver's attorneys that a number of Stock Exchange houses were involved to a certain extent in the Dier matter and had dealt with the concern when it was common talk along the Street that the firm was in bad straits and virtually bankrupt.

## Admits Drawing \$500,000.

The hearing of Dier was before Seaman Miller, referee, at 2 Rector street. Dier admitted that during the year preceding the bankruptcy withdrawals of more than \$500,000 had been made from the house which he could not account for. More than \$202,000 of this, he said, had been spent in his personal living and other expenses. Confronted by the actual checks Dier shrugged his shoulders and said:

"Well, if I signed them it must be so. I don't know anything about them."

When asked showing that accounts had been opened in the name of "Hughes & Dier, 36 West Seventy-second street," were produced Dier admitted that Carl Kneass and Clinch, two of the Dier partners, lived at that address, but he said he had never opened the account to his knowledge and knew nothing of it. He continued:

"I don't know how Shrimpton got that money."

"Were you trying to hide any money away where it wouldn't be noticed?" he was asked.

"I was not," he answered. "I don't know a single thing about what was going on there then in the business."

Four of the five brokerage houses whose names were mentioned in the testimony for the first time are members of the New York Stock Exchange. They are Orvis Bros. & Co., 60 Broadway; Carlisle, Mellick & Co., 43 Exchange place; Arthur Lipman & Co., 20 New street; and De Haven & Townsend, 52 Broadway. The fifth firm mentioned was C. H. Van Beuren & Co., 42 Broadway.

## Stock Sold to the Five Firms.

Saul S. Myers, attorney for the receiver, in reading from the books and records of E. D. Dier & Co. asked the witness regarding the purchase and sale of 500 shares of Mexican Petroleum, bought from Carpenter, Caffry & Co., another Stock Exchange firm, in May, 1921, and the alleged sale of that stock to the five companies previously mentioned in lots of 100 to each company.

Although faced with the records showing the transaction and the checks signed by him, Dier said he "never heard anything about it or knew anything about the matter." He refused to say that the signatures were forged.

A check for \$15,000 was exhibited, drawn on the Dier company on May 21, 1921, and made payable to the order of "Mr. Hudson" and charged to the account of Fred Anderson, who, it was later testified, also had a private Dier bank account opened in September, 1920, at the Guaranty Trust Company. Of this check and of the bank account, the examiners, Dier testified that he knew nothing.

His memory was not strong enough to remember the Mexican Petroleum deal, nor the buying of 5,000 shares of United States Steel in a single lot, after a withdrawal had been made of a considerable amount of money from the firm.

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